

Client Alert

Useful Guidance Regarding the Paycheck Protection Program Loans

This alert updates prior publications and communications from our firm on the subject matter discussed below. It is likely that there will be additional guidance in the future from the SBA and other government agencies that may conflict with prior guidance.

In response to various frequently asked questions from our clients, please note the following:

Question: Is there a minimum amount of the PPP loan proceeds that the borrower is required to use to pay payroll costs?

Answer: Yes, a borrower is required to use at least 75% of the PPP loan proceeds for the payment of payroll costs. Additionally, for purposes of forgiveness of the PPP loan, at least 75% of the forgivable amount must have been used to pay payroll costs.

Question: For purposes of calculating the reduction in loan forgiveness amount based on a reduction in the salary of an employee in excess of 25%, are all employees included?

Answer: Only employees who did not receive, during any single pay period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000 are included in the calculation.

Question: Is self-employment income of active general partners of a partnership included in the calculation of payroll costs?

Answer: In calculating payroll costs of a partnership, self-employment income of active general partners of the partnership, up to \$100,000 annualized, may be treated as a payroll cost.

If you would like additional information, please contact:

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